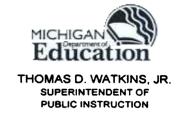


STATE OF MICHIGAN DEPARTMENT OF EDUCATION LANSING

July 18, 2003



TO:

State Board of Education

FROM:

Thomas D. Watkins, Jr., Chairman

SUBJECT:

Update on Educational Legislation

On Wednesday, July 16, 2003, the Department of Education and State School Aid budgets for the 2003-2004 fiscal year were approved by both the House and Senate. Both bills have been ordered enrolled and are awaiting review and action by the Governor. Given the overall state budget problems the Governor and Legislature treated schools extremely well.

<u>The Department budget</u> (House Bill 4391) reflects a general fund net increase of \$370,800 from 2002-2003. The major changes include:

- □ School Breakfast increase of \$4,095,200;
- ☐ Transfer of the Motorcycle Safety Education Program and the Off-Road Vehicle Safety Training Program to other state agencies;
- ☐ The addition of two new federal grants: Evaluation of State Education Technology and Math and Science Partnership; and
- □ A reduction of \$3,724,400 in state funds for administration.

Other items of note include the restoration of the unclassified funding line at \$515,600; the State Board per diem payments at \$24,400; State Board travel at \$35,000 (with the stipulation that it not be used for out-of-state travel); and the Training and Workshop "revolving fund" line at \$100,000.

Boilerplate language included in the budget requires that all contracts over \$10,000 must be competitively bid, and that the Department may not enter into more than one contract per year with a given vendor.

The School Aid budget (House Bill 4401) maintains the \$6,700 minimum foundation allowance, \$314.2 million for At-Risk Pupils, \$72.8 million for the Michigan School Readiness Program, and the 80% - 20% pupil membership blend that is in current law. The bill includes a new wireless technology program, "Freedom to Learn," supported with \$22 million in state funds and \$17,342,200 in federal funds, which will provide laptop computers for every 6th grade public school student in the state. Also new in the budget is a \$50,000 allocation to Grand Valley State University for grants to centers that enhance the skills of children with motor impairments. Intermediate School District (ISD) general operations funding is reduced from \$95,028,100 to \$91,702,100; however, \$3,326,000 is allocated in a new categorical for grants to ISDs to provide programs for parents with preschool children. The following table displays the 2002-2003 state school aid allocations and the 2003-2004 funding amounts as included in Enrolled House Bill 4401:

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| | | FY 2002-2003 | FY 2003-2004 - Enrolled HB 4401 |
|--------|--|---|------------------------------------|
| 11f | Durant - Cash Payments | \$ 32,000,000 | \$ 32,000,000 |
| 11g | Durant - Debt Service | 40,000,000 | 141,000 |
| 11j | School Bond Redemption Fund | 0 | 28,300,000 |
| 22a | Proposal A Obligation Payment | 6,953,000,000 | 6,816,000,000 |
| 22b | Discretionary Payment | + | 2,881,000,000 |
| 22e | Tax Tribunal Reimbursement | | 120,000 |
| 24 | Court-Placed Pupils | | 8,000,000 |
| 26a | Renaissance Zone Costs | - | 25,260,000 |
| 31a | "At-Risk" Pupils | | 314,200,000 |
| 31d | State School Lunch Programs | - · · · · · · · · · · · · · · · · · · · | 21,300,000 |
| 31d | Federal School Lunch Programs | + | 274,631,000 |
| 32c | Early Childhood – Interagency Collaboration | 2,000,000 | |
| 32d | School Readiness | 72,800,000 | 72,800,000 |
| | ISD zero-to-5 grants | | |
| 39a(1) | Federal NCLB grants | | |
| 39a(2) | Other Federal Funding | | |
| 41 | Bilingual Education - State Funding | · · · · · · · · · · · · · · · · · · · | |
| 4la | Bilingual Education - Federal Funding | + | |
| 51a | Special Education – Federal Funding | - | |
| | Special Education - State Funding | | |
| رر | GVSU Autism Programs | | |
| 55a | GVSU Motor Impairment Grant | 0 | 50,000 |
| 57 | Gifted & Talented / Advanced & | | |
| | Accelerated | 5,000,000 | 250,000 |
| 6la | Vocational Education | 31,027,600 | 30,000,000 |
| 62 | ISD Voc Ed Millage Equalization | 9,860,000 | 9,000,000 |
| 67 | Career Preparation – Planning | 350,000 | 0 |
| 68 | Career Preparation – Implementation | 21,850,000 | 1,000,000 |
| 74 | Bus Driver Safety | 1,625,000 | 1,625,000 |
| 81 | ISD General Operations | 95,028,100 | 91,702,100 |
| 94 | Accreditation Assistance | 2,000,000 | |
| 94a | CEPI | 4,500,000 | |
| 94a | CEPI – Federal funds | | |
| 96 | Golden Apple | | |
| 98 | Michigan Virtual High School | | |
| 98 | MVU - Federal | | |
| 98ь | Freedom To Learn - State Funding | | |
| 98b | Freedom To Learn – Federal Funding | | |
| 99 | Math & Science Centers - State Funding | 10,232,300 | 2,500,000 |

| | | FY 2002-2003 | FY 2003-2004 - Enrolled HB 4401 |
|-----------|--------------------------------------|----------------|------------------------------------|
| 99 | Math & Science - Federal | 0 | 2,487,700 |
| | School Health Curriculum Grants | 3,180,000 | 0 |
| | Adult Education | | |
| 108 | Partnership for Adult Learning (PAL) | 20,000,000 | |
| | TOTAL | 12,696,906,100 | |
| | REVENUES: | | |
| | Federal | 1,219,825,200 | 1,316,255,800 |
| | School Aid Fund | 11,246,667,500 | 10,987,820,500 |
| | State GF | 198,413,500 | |
| 4 10/2000 | School Aid Stabilization Fund | 0 | |
| | Budget Stabilization Fund | 32,000,000 | · |
| | TOTAL REVENUES | 12,696,906,100 | |

Attached are summaries of the outcomes of the conference committees on the Department and State School Aid budgets as prepared by the House and Senate Fiscal Agencies. Please note that the summaries highlight the items of difference between the House and Senate Passed versions of the bills and do not, therefore, reflect the content of the bills in their entirety.

Next Page